AUDITOR GENERAL
Alberta

Due diligence framework for government organization mergers

September 2005

Due diligence framework for government organization mergers

Table of contents

1. Overview and purpose of the framework 1
2. Considerations in using the framework and checklist 1
3. Due diligence general framework 3

Appendix A—Due diligence checklist 6

AUDITOR GENERAL Alberta

Due Diligence Framework for government organizations mergers

1. Overview and purpose of the framework

The development of a due diligence framework before any merger work is completed is important. A framework will provide guidance to the due diligence team, set priorities, assist in resource allocation, assure the Board and Executive of the receiving organization, and set the tone for developing a transition plan. All mergers will have some common elements and some unique ones that need to be considered when developing and deploying a due diligence framework.

This framework is based on a merger of two post-secondary institutions. Other government organizations can use it for their own due diligence investigation as it provides a useful overview of the key areas to cover and important considerations in each area. These key areas are especially critical during the initial planning and scoping phases of a due diligence investigation.

This framework is supplemented with the detailed due diligence checklist (see Appendix A) used during the planning and integration process. In our opinion, the due diligence checklist is an effective tool in carrying out the due diligence investigation. Others may also find these tools useful and effective for other mergers.

2. Considerations in using the framework and checklist

Other organizations in the process of a merger may wish to consider the following when developing their plans.

Planning

- This framework and checklist provide a solid starting point for other mergers but need to be tailored to manage the specific risks and coverage areas relevant to each proposed merger. We recommend that organizations complete a detailed risk assessment at the planning and scoping stage of a due diligence investigation. The risk assessment and the strategic rationale for the merger will affect the level of emphasis to place on a particular due diligence area. When appropriate, organizations should then tailor the due diligence framework and checklist to mitigate the risks identified.
- Due diligence frameworks and checklists are not static and need to evolve to mitigate new risks or issues identified from the due diligence planning process through to final completion of the due diligence fieldwork.
- Depending on the circumstances of the merger, mergers can have significantly different timeframes for completion. The timeframe to complete the work should be adequate to finish the work but the work should be completed as quickly as possible.

AUDITOR GENERAL Alberta

Staffing

- It is critical that the people responsible for managing the due diligence process have previous experience with a merger and are "active" managers of the process. Otherwise, any written due diligence framework and checklists in isolation will be ineffective if they become a "tick-the-box" exercise or if items are missed or glossed over too quickly.
- Soft skills—knowing, understanding and respecting the culture of the merging organization—are critical to cooperation and understanding during the due diligence process. They cannot be incorporated into a framework and must be adapted to each individual situation.
- Resource planning is a very important piece of the due diligence process as the process consumes significant resources, especially in the areas of finance, human resources, information systems and legal matters. Organizations should consider budgeting for additional resources for the due diligence and transition periods so that their current staffing levels are not overloaded.
- Receiving organizations should conduct a risk assessment at the start of due diligence to flush out major risks and allocate resources effectively.
- Redundancy strategies should be carefully planned to ensure that the merged organization has sufficient resources to deliver programs and manage the administration of the organization.

Communication

- The importance of excellent and on-going communications cannot be overemphasized. Face-to-face meetings, video conferencing and newsletters all provide information and assurance to both the receiving organization and the organization being merged.
- Most organizations set up a website to communicate to staff and affected parties during a merger. Organizations might consider developing questions for the website before the site is active. Most people do not seem to use this type of communication (preferring face-to-face interviews) until there are tangible questions on the site.
- External communications with the community and other stakeholders are very important to the success of the due diligence process.

Other considerations

- Organizations not used to managing geographically dispersed offices, should consider the effect of distance during the due diligence period.
- Merging organizations should consider the impact that the *Freedom of Information and Privacy Act* (FOIP) will have on getting early access to personnel records of the organization being merged to review any human resource matters.
- Merging organizations should consider the impact of the costs and time spent in negotiating out of, or paying for, duplicate licensing agreements, especially in the area of information systems.
- Receiving organizations should consider a lack of information systems documentation that can also be a challenge in merging institutions.

3. Due diligence framework

The table below identifies the due diligence coverage areas, alongside the key elements and considerations relevant to each area.

Due diligence coverage area	Key elements/considerations
Strategic reason for merger (Merger Criteria)	• Clearly document the strategic rational of the merger or transaction • Have senior management and Board of Governors approve the strategic rationale of the merger. This may take the form of merger criteria and include both tangible and intangible considerations. Focus due diligence efforts on confirming the existence and likelihood of these key criteria. Use the criteria and considerations as the basis of the final merger decision.
Strategic Plan & Budget	• Assess the overall strategy (level of consistency between merged entities) and extent to which the organization sets strategic objectives and monitors performance against them. • Analyze the strengths and weaknesses of the organization. • Assess the forward-looking budgets in consideration with reasonableness of the strategic plan and objectives. Assess the reasonableness of key assumptions.
Financial	A. Historical results, financial position, forecasts • Review historical financial results, cash flows and financial position. • Review in detail the most recent financial position. • Prepare pro-forma financial position and projections. • Assess risk of reduced or lost government funding, endowments or other critical funding sources arising from the merged entity. • Determine potential financial impact from cost saving synergies. Also, assess level of transition costs, which include severance, advisor transactional costs, system integration and conversion costs, etc. • Review management letters, internal audit reports and other reports from auditors or financial advisors. • Review audit committee minutes. • Review for consistency the calculation of Full-time Learner (FLE) statistics. B. Financial systems and controls • Develop understanding of key financial systems and related controls. • Review internal and external audit reports, as well as consultant reports, to identify material internal control problems.
Human Resources	A. Management structure • Compare organizational and reporting structures. • Identify key personnel and profile experience levels, background, qualifications etc. • Assess corporate cultural differences. • Develop profile of all staff (by department, level, pay scale including bonus plans or other incentive agreements). • Identify number of redundant positions and related severance costs, including an estimate of the future potential cost saving. • Assess consistency of significant human resource policies and procedures. • Compare employee benefit packages for consistency. B. Collective and other employment related agreements

Due diligence coverage area	Key elements/considerations
	• Develop understanding of collective bargaining agreements and determine if there are consistencies with the existing plans. • Summarize status of negotiations and outstanding grievances. • Assess transferability of collective bargaining agreements (where applicable). C. Pension and other benefit plans • Develop understanding of pension plan schemes and any potential funding obligations and determine if there are consistencies with the existing plans. • Assess transferability of existing plans (where applicable).
Facilities (Land & Bldg) & Environmental	• Identify opportunities for cost savings and/or program delivery alternatives or changes • Evaluate preventative or deferred capital maintenance programs • Analyze historical and future capital expenditures requirements and related funding sources • Review appraisal reports for land and buildings • Review facility and equipment lease agreements • Conduct an environmental assessment which includes identifying potential problem areas and estimating clean-up or remediation costs • Review regulatory environmental filings and environmental reports • Review health and safety record, policies and reports
Information systems	• Review profile of the information systems team including background and qualifications • Develop profile of hardware, operating and network systems, application software, and databases • Review operating system and software application licenses. • Review all information systems lease and maintenance contracts • Review information systems policies and procedures • Assess services and relationships with third-party service providers. • Review privacy, security and internet policies and controls • Review information system plan • Develop integration plan including alternatives, timelines, needs and requirements and related cost estimates for various options
Legal	• Identify all related corporations or associations and nature of commercial or ownership links • Identify and summarize key terms of all material agreements • Assess commercial risks and deficiencies to be resolved pre- and post-closing • Identify contracts that may become cancelable or renegotiable on change of ownership. • Assess any current or pending litigation.
Corporate	• Assess adequacy of insurance coverage • Review Board and related sub-committee minutes • Review Board of Directors make-up
Stakeholder Relationships	• Develop profile of key stakeholder groups. For a post-secondary institution these groups may include: (1) Community and program relationships, (2) foundations, (3) donors, (4) program partnerships, (5) key educational partners, (6) industry and government contacts, (7) student associations or organizations, (8) alumni associations, etc.

Due diligence coverage area	Key elements/considerations
	• Assess quality of database information that supports these groups • Review communication plan, historical and future events calendar. Compare for consistency and overlap with existing institutional relationships.
Academic Programs	• Develop profile of program offerings by location and type certificate, diploma, degree, apprenticeship, etc.) including historical enrollment levels • Assess the level of overlap in program offerings for the new merged entity by geographical location • Assess new or modified programming opportunities • Review for consistency the calculation of Full-time Learner (FLE) statistics

Transition Team
Due Diligence Framework

The list below, although extensive, is not intended to be exclusive. Any other documents of a material nature that are not covered on this list should be brought to our attention.

Index to presentation format:

Copy: Copy and provide to us

Pull: Pull and have available for review

Schedule: Attach schedule to this request

Please indicate whether the requested information is attached, has been previously provided or is not applicable.

Section 1	Attached	Previously Provided	Not Applicable	Lead/ Contact
1. Corporate matters				
(a) Copy—enabling legislation of the organization				
(b) Copy—incorporating documents of any affiliated organization (i.e., any Foundation, company, etc.)				
(c) Copy—minute books of all meetings of the Board and its Committees for the past two years				
(d) Copy—business plans prepared during the last three years				
(e) Schedule—all locations at which the organization owns or leases property, maintains an office, a stock of goods, personnel or an agent, including any international locations				
(f) Copy—acquisition agreement(s) pursuant to which the organization acquired or disposed of any material assets				
(g) Schedule—name of the person who maintains corporate records of the organization				
(h) Schedule—organizational chart showing reporting relationships and responsibilities				
(i) Schedule—names and occupations of the Board				

Comments:

Recommendations:

Responsible person

Date

Section 2	Attached	Previously Provided	Not Applicable	Lead/ Contact
2. Financial Information				
(a) Copy—audited financial statements and annual reports for the last three years				
(b) Copy—year-to-date financial statements of the organization, comparing actual performance to budget				
(c) Copy—detailed budget for the last fiscal year and the draft budget for the current fiscal year				
(d) Copy—all management letters, special reports and other correspondence between the organization and its auditors for the past three years				
(e) Copy—responses from outside counsel to audit inquiry letters in connection with the examination of the organization's financial statements for the past three years				
(f) Schedule—names, addresses and phone numbers of organization's current bankers				
(g) From the audit working paper file for the last fiscal year, copy or prepare:				
i. Schedule—all bank accounts, including account purpose, account numbers, authorized signatories, withdrawal restrictions and compensating balance requirements, and a summary of cash balances by depository for the last fiscal year end and the current date				
ii. Schedule—aged accounts receivable and accounts payable, including reserves, description of collections and receivables problems, unusual credit terms or conditions				
iii. Schedule—provision for bad debt				
iv. Schedule—outstanding loans and advances, including collection terms				
v. Schedule—prepaid expenses, deferred charges and other such assets				
vi. Schedule—any liabilities that will be accelerated or otherwise affected by this transaction				
vii. Schedule—any unrecorded liabilities				
viii. Schedule—all agreements with respect to obligations or liabilities of the organization as guarantor, surety, cosigner, endorser, co-maker, indemnitor or otherwise in respect of the obligation of any other person				
ix. Schedule—all agreements obligating the organization to provide funds to or to make investments in any other person (in the form of a loan, capital contribution or otherwise)				
x. Schedule—all other contingent liabilities (except for litigation, dealt with in section 14), actual or pending, including guarantee, indemnity, surety or other agreements subjecting the organization to contingent liabilities				
xi. Schedule—outstanding commitments, including equipment purchases and preferred supplier arrangements				
xii. Copy—government grant letters for the last fiscal year, and the current fiscal year				

Section 2 (cont.)	Attached	Previously Provided	Not Applicable	Lead/ Contact
xiii. Copy—tuition fee as a percentage of net operating cost for the last fiscal year and projected for the next two fiscal years				
xiv. Copy—tuition fee consultations that have been completed with the student's association, and the planned tuition fee amounts for the upcoming years				
(h) Schedule—cost reduction measures implemented during the last year, and planned for the current year				
(i) Copy—any municipal, provincial or federal tax status of the organization (if so, provide a copy of the most recent tax forms that have been filed)				

Comments/Recommendations

Responsible person

Date

Section 3	Attached	Previously Provided	Not Applicable	Lead/ Contact
3. Academic Programs				
(a) Schedule—certificate, diploma, and applied degree programs by location, including for each, the cohort size, number of students currently registered by year and projected full load equivalent for the last fiscal year				
(b) Schedule—apprenticeship programs by location, including for each, the cohort size, and the number of seats requested by the Alberta Apprenticeship Industry and Training Branch for the last and current fiscal years				
(c) Schedule—access funded or other specially funded programs by Alberta Learning or other organizations, and the reports filed on these programs for the previous and current fiscal years				
(d) Schedule—applied research or other special initiatives within the organization. If so, provide a summary of the funding agency, a description of the initiative, the annual budget, and a copy of report(s) to the funding agency				

Comments/Recommendations

Responsible person

Date

Section 4	Attached	Previously Provided	Not Applicable	Lead/ Contact
4. **Human Resources**				
(a) Schedule—current organization chart with names				
(b) Schedule—for out of scope positions, a list of positions and incumbents for each salary scale/grid, indicating title, hire date, actual base salary/step on the scale, items paid as part of compensation including car allowances, use of the memberships, bonus, date of last salary review, employment status (full-time, part-time, contract, leave of absence, on long-term or short-term disability, etc.), annual vacation entitlement				
(c) Schedule—list of positions that have special employment, consulting and similar agreements, and the terms of these agreements.				
(d) Schedule—by name and position, up to eight key personnel who are critical to the success of the organization going forward, and provide a resume or brief biography for each				
(e) Schedule—bonus plans, management bonus plans, retirement plans, pension plans, and other incentive plans and agreements				
(f) Schedule—summary plan descriptions for all employee benefit plans, including names of service providers and terms				
(g) Schedule—a summary of the projected liability for the organization's benefit plans, including pension, post-employment medical and dental, current employee medical and dental, workers compensation, accruals for variable pay plans and other				
(h) Copy—written severance plans/packages and summary plan/package descriptions. If no written plans exist, please detail the practice of paying severance				
(i) Pull—form(s) of confidentiality, proprietary rights, invention assignment and indemnification agreements entered into with employees, consultants and independent contractors and a list of parties that have entered into such agreements				
(j) Pull—(i) form of employment application, (ii) sample offer letters, (iii) sample pre-employment tests, (iv) new personnel orientation materials, (v) performance appraisal forms and job evaluation guidelines, (vi) employee handbooks, (vii) policy and procedure manuals, and (viii) guidelines and bulletins				
(k) Pull—all materials relating to the classification of personnel as exempt or non-exempt under any wages, hours or overtime rules				
(l) Schedule—cost of employee benefits as a percentage of payroll				
(m) Copy—current collective agreements				
(n) Schedule—grievances, awards and settlements, including all arbitration/union grievances filed or pending and the present status of such arbitration/union grievances				
(o) Schedule—all attorneys, auditors and accountants for the Organization, including names, addresses and telephone numbers, and a description of the matters currently or previously handled (ie., employment matters, corporate matters, litigation, etc.)				

Section 4 (cont.)	Attached	Previously Provided	Not Applicable	Lead/ Contact
(p) Schedule—all employees currently receiving short-term or long-term disability payments				
(q) Schedule—outstanding long-term disability, workers' compensation or disability pending				
(r) Schedule—allegations or findings of sexual harassment or wrongful termination				

Comments/Recommendations

Responsible person

Date

Section 5	Attached	Previously Provided	Not Applicable	Lead/ Contact
5. Suppliers				
(a) Schedule—all major suppliers, describing the products or services purchased and the dollar amounts spent in respect of each supplier during the last and current fiscal years, indicating which suppliers, if any, are sole sources, and describing all material affiliations and other such relationships with any suppliers				
(b) Copy—all supply contracts with major suppliers				
(c) Pull—forms of standard purchase orders				

Comments/Recommendations

Responsible person, Contracts Administrator

Date

Section 6	Attached	Previously Provided	Not Applicable	Lead/ Contact
6. Facilities and property				
(a) Schedule—location, address and description of all lands, buildings and leasehold improvements **now or ever** owned, leased, used or occupied, including the type and age of building, condition, total floor space, function, approximate amount of space dedicated to each activity (i.e., service, administration, etc.), municipal and legal description, depreciation rates and accumulated depreciation, estimated fair market value, assignability of leases and any defaults or breaches thereunder, identifying the location of the principal offices and other operations of the Corporation, and surplus or idle property				
(b) Copy—all certificates of title, real property reports/surveys, registered instruments, title insurance policies and acquisition deeds for real property, as well as any recent appraisal (within two years)				
(c) Copy—for all leased real property (where the Organization is lessee or lessor), all leases, lease amendments, subleases, assignments of lease, options to lease, and other agreements and correspondence, together with Certificates of Occupancy (where the Organization is the lessor) and a description (including cost) of leasehold improvements, amortization rates and net book value, indicating monthly lease/rent payments				
(d) Schedule—in respect of owned real property, mortgages, registered and unregistered easements, and other agreements by location, with a summary of significant terms, including zoning variances, deeds, etc.				
(e) Schedule—anticipated rezoning or changes to by-laws				
(f) Copy—any agreements, including broker agreements, option agreements and earnest money agreements, that involve the sale, lease or purchase of, or the grant of any other rights in, real property				
(g) Pull—all governmental permits and licenses related to real property				
(h) Schedule—any assets that will not be amalgamated as part of this transaction				
(i) Schedule—annual depreciation policy utilized over the past three years				
(j) Schedule—significant asset write-offs or write downs taken over the past three fiscal years				
(k) Schedule—significant unrecorded assets (items previously expensed or unrecorded)				
(l) Pull—title/ownership documents to all assets				
(m) Pull—all equipment leases, installment contracts, service agreements and warranties				
(n) Copy—estoppel certificates for all contracts and leases				
(o) Pull—existing encumbrances, liens, chattel mortgages, financing statements and conditional sales contracts in respect of the assets, and all governmental filings relating thereto				
(p) Schedule—confirmation that all leases (real and personal property) are in good standing (ie that all required payments have been made and that the lessee is not in breach of any of its covenants under the leases)				

Section 6 (cont.)	Attached	Previously Provided	Not Applicable	Lead/ Contact
(q) Pull—all maintenance and internal inspection records				
(r) Schedule—estimated plant, machinery and equipment requirements for the next two years				
(s) Schedule—all equipment lease terms and locations				
(t) Schedule—for each facility, provide the list of deferred maintenance items as determined through the consultant review process with Alberta Infrastructure				
(u) Schedule—list the upgrading/maintenance projects for the 2002/03 and 2003/04 fiscal years				
(v) Copy—campus development plan				
(a) Schedule—facility utilization statistics				

Comments/Recommendations

Responsible person

Date

Section 7	Attached	Previously Provided	Not Applicable	Lead/ Contact
7. Information systems				
(a) Schedule—overview of hardware, software and operating characteristics of the Corporation's management information system, including a diagram showing hardware configuration, wide area and local area network configuration and a description of firewalls in place				
(b) Copy—strategic and long range IS plan				
(c) Pull—all software licenses, software and hardware maintenance contracts, application documentation and user manuals				
(d) Schedule—hardware, including size, model and lease or purchase information				
(e) Schedule—licensed and unlicensed application software, including version number, license fees, maintenance fees and vendor name (with application system documentation to include interfaces and full descriptions), identifying the vendor supplied software and the vendor supported software. For in-house developed software, include the age, size and language used, as well as the number of users, by location, and any applications used in the development				
(f) Copy—disaster recovery plans for the wide area network, local area network and computer operations				
(g) Schedule—field support problem logging and help desk functions				
(h) Schedule—network and telecom hardware, including size, model and lease or purchase information				
(i) Schedule—software, hardware and mechanical design tools used in the Organization				
(j) Schedule—how is information shared within design teams (e-mail, shared files, web pages, paper, etc.). How is information shared outside the design teams?				

Comments/Recommendations

Responsible person

Date

Section 8	Attached	Previously Provided	Not Applicable	Lead/ Contact
8. **Privacy and security**				
(a) Schedule—site security and computer security policies and mechanisms, including physical authentication, physical intrusion detection and other controls on access. Are computer workstations placed so they are not easily read by casual passers-by or through windows? Do personnel turn off computers at night?				
(b) Schedule—fire control systems in computer rooms, including sprinklers and inert gas				
(c) Schedule—disaster plans and business continuity plans				
(d) Schedule—backup procedures, including the frequency of backups, where backup tapes are kept, the length of time for which they are kept and who makes and keeps the tapes				
(e) Schedule—policies for dealing with personal information of clients, customers and personnel, describing how information is protected and how clients, customers and personnel are informed of such policies				
(f) Pull—information security policies				
(g) Schedule—location of data storage. Is it outsourced to third parties? How do they monitor security? Do you disclose in your privacy policies that a third party stores the data? Alternatively, do you assert in your privacy policies that this information is not shared with third parties? Have the third parties signed confidentiality agreements and non-disclosure agreements? Do the third parties also store data for your competitors?				
(h) Schedule—policies in place to prevent disgruntled personnel from sabotaging your security, including termination of Internet access and computer access (in-office and remote)				
(i) Schedule—use of laptops, including whether personnel may take laptops home				
(j) Schedule—do personnel work from home? How do you ensure that home offices meet security and safety standards? What procedures are in place to secure access to the Organization's information (i.e., on laptop, etc.)? Does your insurance cover the Organization's interest in documents and equipment located at the homes of your personnel? What backup procedures are in place to minimize reconstruction costs if a laptop is lost? What encryption and security procedures are in place to ensure that a lost or stolen laptop doesn't endanger the Organization? Do you inspect home offices?				

Continued on next page

Section 8 (cont.)	Attached	Previously Provided	Not Applicable	Lead/ Contact
(k) Schedule—do you use passwords? Audit trails? Encryption? Intrusion detection alarms? Message/entity authentication? Automatic logoffs?				
(l) Schedule—how do you protect your system from viruses, worms, trojan horses, hackers, etc.? Do you use firewalls, encryption, logical authentication, logical intrusion detection and/or logical access control? Do you use a perimeter device to restrict hacker activity? Do you use a decoy server? Pull the results of any privacy or Internet security audits conducted on the Organization.				

Comments/Recommendations

Responsible person

Date

Section 9	Attached	Previously Provided	Not Applicable	Lead/ Contact
9. Internet				
(a) Schedule—web site URL and copy all pages of the web site, including those not normally printable. Have you conducted a trademark search of the domain name? Registered it? Where?				
(b) Copy—the first pages of all sites linked from the web site				
(c) Copy—agreements with web site developers, software developers, systems integrators, consultants, Internet access providers and online service providers				
(d) Schedule—procedures respecting the use of the Internet with respect to sensitive materials. Do you send sensitive or confidential documents over the Internet? What procedures are used to protect them?				
(e) Schedule—use of deep linking (linking to a page other than the home page on another web site), framing (bringing the web site of another to the Organization's web site), inlining (importing to the Organization's web site the graphics files from another site)				
(f) Schedule—meta text and trademarks (both of the Organization and of others) used on the web site				
(g) Schedule—do you filter access to the Internet? Do you monitor the e-mail communications of your personnel? Do you have the actual consent of personnel before you access their e-mail? Do you allow personnel to use passwords to protect their e-mail access? If you monitor e-mail, who does the monitoring? How often?				
(h) Schedule—who controls the passwords and access codes for the web site? Who is the web site maintenance operator?				
(i) Schedule—do you use cookies? What about advertisers on your site? Does your web site collect information from visitors to the site? To what use do you put the information? Do you use the information for internal marketing? Mailing lists? Third-party advertising? Demographics to help you design your site better? Do you aggregate and share information with your advertisers? How are you storing the information collected? What means are used to secure the information? Do you retain outside firms to help you organize and manage the information or compile the mailing lists? What type of agreements do you have with them? Do you have a procedure that allows visitors to "opt-out" from receiving promotional material or having their information used for any marketing purposes?				
(j) Schedule—do you have a procedure where site visitors can find out what information you have gathered about them? Do you have a mechanism that allows them to correct incorrect information? Do you disclose information about your information collection and use at the site? Where is it located? Do you reserve the right to use information provided to you for any reason whatsoever? Does your disclosure match your information collection practices?				
(k) Schedule—if you have mailing lists, what can people do to unsubscribe from them?				

Section 9 (cont.)	Attached	Previously Provided	Not Applicable	Lead/ Contact
(l) Schedule—are you linking your web site to other sites? Are you satisfied that there is no illegal content on those sites that may result in legal liability to you? Have you considered whether permission should be obtained from the sites to which you are linking? Do you limit the rights of other sites to link to your site?				
(m) Schedule—disclaimers of liability on the web site, including those addressing the potential for the goods or services you offer to cause personal injury or significant financial loss				
(n) Schedule—does your site allow for consumer to consumer or business to consumer e-commerce? Do you provide for credit card purchases? VISACash, Smart cards and other cybercash? How is the personal information of purchasers protected? Describe the secure electronic transaction technology the Organization uses				
(o) Schedule—do you order inventory or supplies over the Internet (i.e., business to business e-commerce)? How is your information protected? Do you have an automated inventory tracking and ordering system? Provide a copy of the form of contracts entered into by you for each situation and confirm no other forms or variations on standard forms are used				
(p) Schedule—do you use digital certificates for on-line communications? If so, please name the Certification Authority and provide a copy of your agreement with the Certification Authority (the Certification Practices Statement). If not, how do you confirm identification (of the sender), authentication (that the message has not been altered), validation and non-repudiation (that the online message has the same effect as a physical signature)?				
(q) Schedule—all domain names owned by you, directly or indirectly, in all zones (i.e., ".com", ".org", ".net", etc.), indicating which are not currently active web sites				
(r) Schedule—firewalls, including those that prevent those on the Internet from accessing the Organization's network and those that limit access to certain parts of the Internet				
(s) Schedule—what is the potential for the goods or services you are offering to cause personal injury or significant financial loss? Have you adequately provided for disclaimers of liability?				
(t) Copy—the results of any privacy or Internet security audits conducted on the Organization				
(u) Schedule—how do you protect your system from viruses, worms, Trojan horses, hackers, etc.?				
(v) Schedule—do you use firewalls, encryption, logical authentication, logical intrusion detection, logical access control? Do you use a perimeter device to restrict hacker activity? Do you use a decoy server?				

Comments/Recommendations (see attached)

Responsible person

Date

Section 10	Attached	Previously Provided	Not Applicable	Lead/ Contact
10. Intellectual property				
(a) Pull—the Corporation's intellectual property policies				
(b) Schedule—all technologies, inventions, discoveries and improvements (whether patentable or not, whether or not patented and whether or not patent applications have been filed therefor), patents held by and patent applications being prosecuted by the Organization (including rights under license agreements or otherwise to hold patents or prosecute patent applications) in the world, including descriptive titles, jurisdiction, the nature of the patent, patent registration/application number, date of issue, date acquired, cost reserve for amortization, present book value, intrinsic value, and a brief description of how each was developed or acquired				
(c) Schedule—all copyrightable materials (including software, documentation and screen displays) and the like that are material to the Organization's business but as to which there is no copyright registration or application pending, showing the name(s) and citizenship of the authors of the work, the date of creation and the date the work was first known to the public (if published), and including a copy of the copyrightable work				
(d) Schedule—all trademarks, slogans, brand names, logos, words, terms and designs used in connection with the Organization, whether or not such are owned by or licensed to the Organization and whether or not registered, including a description of the associated products or services, the registration/application numbers, the jurisdiction, the status of any applications pending, a brief description of the creation or adoption of the trademarks, and the date, place and manner of first commercial use				
(e) Schedule—any intellectual property that will not be transferred as part of the Transaction				
(f) Schedule—all trade secrets and confidential information in the Organization's possession, whether owned by the Organization or licensed from a third party, indicating the source of each, the existence of special terms limiting their use or disclosure, and obligations of confidence				
(g) Pull—all assignments, licenses and security documents relating to the Organization's intellectual property, including all agreements pursuant to which the Organization has licensed or otherwise obtained any technology or intellectual property rights (including relating to software, software tools, graphics or graphics generating tools) from third parties and all agreements pursuant to which the Organization has licensed or assigned any technology or intellectual property rights to third parties				
(h) Pull—to the extent any intellectual property owned or possessed by the Organization was conceived, created, developed or reduced to practice in whole or in part in any project or endeavour involving any government or government agency, all documents and information pertaining to that project or endeavor				
(i) Schedule—personnel who have participated or contributed in a material way to the development of the Organization's intellectual property, including a description of their roles and copies of their resumes (or a brief biography for each)				

Section 10 (cont.)	Attached	Previously Provided	Not Applicable	Lead/ Contact
(j) Pull—all documents, correspondence, memos, notes and other papers relating to any development by the Organization that involves the use of specifications or technical information derived from the products of third parties				
(k) Pull—confidentiality, non-disclosure and assignment of invention agreements between the Organization and third parties, including employees, agents and contractors				
(l) Pull—all other agreements relating to technology or intellectual property that are material to the business of the Organization, including source code and escrow agreements, and proprietary licenses				
(m) Schedule—to the extent not otherwise provided, security interests or liens in any of the intellectual property owned or used by the Organization				
(n) Pull—notice letters and claims against third parties for misappropriation, infringement or misuse of the Organization's intellectual property				
(o) Pull—all documents, correspondence, pleadings, memos, notes and other papers relating to any pending or threatened intellectual property litigation or claim against the Organization, or any other assertion, suggestion or enquiry by a third party that the Organization has misappropriated, improperly used or infringed that party's intellectual property rights				
(p) Schedule—any joint development with other parties				
(q) Copy—assignments, licenses and security documents relating to the Corporation's intellectual property				
(r) Copy—Corporation's standard end-user license agreement				

Comments/Recommendations

Responsible person

Date

Section 11	Attached	Previously Provided	Not Applicable	Lead/ Contact
11. Litigation				
(a) Schedule—active, pending and/or threatened litigation, claims (including administrative, human rights and occupational health and safety claims), arbitrations and investigations by which the Organization's assets or business are or could be affected, including the parties, the remedies sought, the nature of the action, a brief description of the Organization's position and the status, indicating any action not covered by or in excess of insurance				
(b) Copy—pleadings, complaints, answers and other significant documents in pending or threatened actions, including letters asserting claims and information provided by counsel				
(c) Schedule—significant litigation and claims settled or concluded in the past year, and pull copies of the associated litigation settlement documents				
(d) Schedule—any decrees, orders, injunctions or judgments (including by consent) of courts or governmental agencies affecting the Organization or any of its directors or officers				
(e) Pull—correspondence between counsel for the Organization and the Organization's auditors for previous year-end and current interim audits, including "litigation letters" and other correspondence concerning pending or threatened litigation, other legal proceedings and contingent liabilities or claims				
(f) Pull—statement of responsible officers as to unrecorded and/or contingent liabilities, including guarantees, warranties, intellectual property infringement, contracts and compensation for services				
(g) Copy—agreements waiving statute of limitations or otherwise extending deadlines or dates				

Comments/Recommendations

Responsible person

Date

Section 12	Attached	Previously Provided	Not Applicable	Lead/ Contact
12. Environmental, health and safety matters				
(a) Schedule—organization procedures in place to implement and monitor environmental compliance				
(b) Schedule—costs incurred in the past five years and expected to be incurred in the next five years for environmental compliance, indicating all estimates and/or reserves for environmental liabilities of the Organization relating to the Organization's facilities and/or third-party sites				
(c) Pull—Phase 1 environmental site assessments for all properties				
(d) Schedule—all environmental permits, licenses (including all explosives and radioactive isotope licenses (including deficiency reports)), notices, registrations, waivers, exemptions, manifests, contracts or similar authorizations ("Authorizations") required for current operations, indicating their current status and whether any additional Authorizations may be necessary to expand the Organization's business or to comply with reasonably foreseeable future environmental requirements				
(e) Schedule—notifications, reports or filings under applicable environmental reporting programs				
(f) Pull—all applications, statements, disclosures or reports prepared, filed or given by or on behalf of the Organization, including in loan agreement schedules or purchase agreements and to any environmental regulatory agency				
(g) Schedule—all processes or facilities that do or may generate any toxic or other hazardous material or waste				
(h) Schedule—the existence and removal of asbestos				
(i) Pull—any advice previously received from legal counsel regarding potential environmental liabilities				
(j) Schedule—current and past land use for each location **now or ever** owned, used or occupied by the Organization and for each adjoining parcel				
(k) Schedule—all toxic chemicals used in the Organization's operations, including PCBs				
(l) Schedule—the waste (solid, liquid and gaseous) resulting from the Organization's current operations, and pull all waste disposal and water disposal agreements				
(m) Schedule—all past and current plans and procedures for the handling, storage, use and disposal of toxic materials, identifying all treatment, storage and disposal facilities used by the Organization for offsite transportation, storage, handling and disposal of hazardous waste, hazardous substances, pollutants and contaminants				
(n) Schedule—if existing wash facilities are present, where they discharge to and if there are oil/water separators				
(o) Schedule—discharge point for sanitary wastewater, i.e., septic, city sanitary system etc.				
(p) Schedule—any current known contamination problems, the media affected and the extent				

Section 12 (cont.)	Attached	Previously Provided	Not Applicable	Lead/ Contact
(q) Schedule—all wells and underground and above-ground storage tanks owned, operated, leased or otherwise used, together with a description of any suspected or actual contamination of soil, surface water or groundwater from the wells or tanks (including visible surface stains)				
(r) Pull—all environmental or hazardous waste investigations, assessments, audits, inspections, notifications, compliance and similar reports (internal and external) for all sites now or ever owned, used or occupied, together with a summary of any action taken or to be taken in response to same				
(s) Pull—all federal, provincial, municipal, etc. information requests concerning environmental and/or health and safety matters and all orders, consent decrees, etc. relating to facility investigations, remedial measures, and corrective action at the Organization's facilities				
(t) Schedule—any enquiry, investigation, claim, notice of violation, demand, lawsuit or complaint received in the last five years by any regulatory agency concerning environmental and/or health and safety matters, along with a summary of the resolution or status of each such matter				
(u) Copy—all correspondence requesting information under applicable environmental laws, alleging that the Organization is a potentially responsible party, or alleging that the Organization has potential liability for known or suspected contaminated sites				
(v) Schedule—any properties now or ever owned, used or occupied by the Organization that have environmental damage, describing the damage and the steps required to remediate same, including estimates of the cost of remediation				
(w) Schedule—any on- or off-site release or spill of toxic materials (former and current), providing copies of all documents and notifications (internal and external) relating thereto, and a summary of the resolution or status of each such release or spill				
(x) Schedule—all known regulatory violations and all significant environmental-related accidents during the past five years, describing any existing or reasonably foreseeable personnel health and safety concerns or claims arising out of exposure to any waste or toxic chemicals				
(y) Schedule—whether the Organization has indemnified any third parties for environmental concerns or otherwise contractually agreed to retain, assume or be subject to any environmental liabilities for assets or properties owned, used or occupied				
(z) Schedule—all estimates and/or reserves for environmental liabilities of the Organization relating to the Organization's facilities and/or third-party sites				
(aa) Copy—any prior environmental disclosures (e.g. in loan agreement schedules or purchase agreements) regarding potential environmental liabilities				
(bb) Schedule—all waste inventory and quantities located at the Corporation's facilities				

Section 12 (cont.)	Attached	Previously Provided	Not Applicable	Lead/ Contact
(cc) Schedule—description of any environmental or hazardous waste investigations, remediation measures or clean up activities completed, currently underway or planned relating to the operations of the Organization or any site currently or formerly occupied by the Organization				
(dd) Schedule—all workers' compensation claims, occupational health and safety inspection reports, citations, violations with respect to the Organization's facilities for the past five years, providing copies of all inspection reports, citations and medical documentation, and experience modification numbers, if any. Copies of all safety audits conducted in the last five years				
(ee) Pull—risk, health and safety and insurance manuals and emergency response plans and programs, as well as the results of safety audits conducted in the last two years				
(ff) Schedule—safety statistics for the last two years				

Comments/Recommendations

Responsible person

Date

Section 13	Attached	Previously Provided	Not Applicable	Lead/ Contact
13. Insurance				
(a) Schedule—all insurance policies and self insurance arrangements of the Organization (alone or with any other party) covering property, liability and operations, including products liability, digital signature, business interruption, automobile, workers' compensation, executive life insurance, health and welfare, advertising injury, key man, extra expense insurable valuables, copyright/trademark/patent infringement, errors and omissions, director and officer indemnification, employment practices liability, fidelity, security breach (including virus and hacker), public key infrastructure, computer crime and media liability insurance, showing types of insurance, amount of coverage, exclusions, deductibles, annual premiums, name of insurer, term and renewal terms				
(b) Schedule—any financial assurances issued or required for regulatory permits and all surety/performance bonds issued (pull copies of each bond in force), including the value of each bond and the names of the obligees				
(c) Schedule—pertinent details of any major customer contracts that require specific insurance coverage				
(d) Schedule—summary of insurance claim history (claims and losses) filed by the Organization during the past five fiscal years and pending claims and disputes, including copies of correspondence regarding major claims and a list of factors materially affecting premiums				
(e) Pull—any insurance loss control engineering reports on the Organization's facilities				
(f) Schedule—all drivers operating Organization vehicles, including name, date of birth and driver's license number				
(g) Schedule—payroll information workers' compensation classification code for the past three years				
(h) Pull—workers' compensation assessments and industry codes, and schedule rates				
(i) Schedule—workers' compensation claim history for the past three years, listing all personnel currently on workers' compensation or with claims pending				
(j) Copy—Workers' Compensation Board Clearance Certificate for each jurisdiction				
(k) Pull—workers' compensation and similar injury reports, and Department of Transport log book reports				
(l) Copy—all insurance certificates issued for the current policy year				

Section 13 (cont.)	Attached	Previously Provided	Not Applicable	Lead/ Contact
13. Insurance				
(m) Copy—evidence that all insurance premiums have been paid, by policy, for the last two policy years, and confirmation that payments are current and that the policies are in good standing				
(n) Copy—written confirmation from insurance broker regarding any losses/claims denied by insurance carriers and any claims outstanding that could settle for an amount that would exceed policy limits				
(o) Schedule—name, address and phone number of insurance broker				

Comments/Recommendations

Responsible person

Date

Section 14	Attached	Previously Provided	Not Applicable	Lead/ Contact
14. Partnership, Joint ventures and investments				
(a) Copy—all partnership or joint venture agreements, if any				
(b) Schedule—all equity investments by the Organization in any other entities, and all related stock purchase and/or other investment documents				

Comments/Recommendations

Responsible person

Date

Section 15	Attached	Previously Provided	Not Applicable	Lead/ Contact
15. Governmental regulations and filings (not disclosed elsewhere)				
(a) Schedule—all governmental permits, licenses, concessions, authorizations, approvals, consents and rights granted by federal, provincial, municipal, etc. governments for the conduct of the Organization's business				
(b) Schedule—all enquiries, investigations and claims by governmental or regulatory agencies, providing copies of reports to, notices and citations from and material correspondence with such agencies				
(c) Schedule—all government assistance programs available to the Organization				

Recommendations

Responsible person

Date

Section 16	Attached	Previously Provided	Not Applicable	Lead/ Contact
16. Material contracts (not disclosed elsewhere)				
(a) Schedule—all contracts and subcontracts with or for any governmental agency				
(b) Pull—all material contracts and agreements to which the Organization is a party, including contracts relating to acquisitions or dispositions and contracts accounting for a material part of the Organization's purchases or revenues				
(c) Schedule—material contracts and commitments under which a default has occurred or is alleged to have occurred, setting forth the nature of the default, the name of the defaulting party, the monetary amount claimed and the current status of the contract or claim				
(d) Schedule—all related party transcripts in the past three years, providing copies of all relevant documentation				
(e) Pull—all royalty and license agreements involving the Organization and any documents concerning the grant to the Organization of any concessions or other special rights, privileges or franchises, including stand-still agreements and agreements waiving statutes of limitation or otherwise extending deadlines or dates				
(f) Schedule—all contracts, authorizations, etc. that may require the consent of any third party (including any regulatory or governmental agency) to the Transaction				

Comments/Recommendations

Responsible person

Date

Section 17	Attached	Previously Provided	Not Applicable	Lead/ Contact
17. Miscellaneous				
(a) Schedule—any other notification required to be given to or consent required from any third party (including any regulatory or governmental agency) in connection with the Transaction				
(b) Copy—any other documents or information that management considers significant to the Transaction				

Recommendations

Responsible person

Date

Updated: May 22, 2003

Section 18	Attached	Previously Provided	Not Applicable	Lead/ Contact
18. Relationships				
(c) (Community and Program) Advisory Committee Members—lists, minutes, schedules				
(d) Alumni—database, programs, budgets				
(e) Donors—database, programs, targets, financial records				
(f) Foundation Board of Directors—incorporating documents, names (also see Section 1)				
(g) Program Partnerships (also see Section 14A)—complete list of relationship management contacts, related paperwork if any. Partial list from website: Agriculture and Agri-Food Canada, Bombardier, Boreal Forest Research Centre, Canadian Institute of Financial Planners, Canadian Securities Commission, Certified Management Accountants Association, Fred Deeley Imports Canada, General Motors of Canada, Harley Davidson Inc., International Cooling Tower, Mercury Marine, North Peace Animal Hospital Ltd., Northern Alberta Post-Secondary Institutes Society, North Peace Forage Association, Sirolli Institute, Daimler-Chrysler				
(h) Key Education Partners—communication lists (Corporate Communications)—regional high schools, other regional post-secondary (GPRC, Board Chairs, Presidents, Alberta North Office				
(i) Mayors, Reeves—communication list				
(j) Aboriginal Leaders—communication list				
(k) Government of Canada—communication list—Auditor General's Office, Human Resources Development, Industry Canada, Alberta MP's, Alberta Senators				
(l) Government of Alberta—communication list: Premier's Office, Alberta Learning, Alberta Apprenticeship & Industry Training Branch, Alberta Human Resources & Employment, Alberta Economic Development, Alberta Infrastructure, Alberta Innovation & Science, MLAs, local & provincial office of AUPE				
(m) Municipal Government—contact lists				
(n) Boards, Agencies and Committees—communication list: Northern Alberta Development Council, Standing Policy Committees, Economic Development Agencies				
(o) Industry Contacts—large employers of Apprentices and Journeymen (Alberta Power Ltd., Alberta Steel Ltd., Canadian National, Canadian Pacific Railway, Cessco Fabrication & Engineering Ltd., Dow Chemical Canada Inc., EPCOR, Everall Construction Ltd., Flint Energy Services, Ford Motor Company of Canada, Finning Ltd., Imperial Oil, Ipsco, PCL Constructors Inc., Petro Canada, Precision Drilling, Sherritt International, Shell Canada, Suncor, Syncrude, TELUS Communications; Union Sector (Alberta Iron Workers Apprenticeship & Training Fund, International Brotherhood of Boilermakers & Welders, International Association of Bridge, Structural & Ornamental Iron Workers, Plumbers and Pipefitters Union, United Steel Workers of America, Boilermakers National Training Trust Fund)				

Section 18 (Cont.)	Attached	Previously Provided	Not Applicable	Lead/ Contact
(p) Fairview Community—Former Fairview Organization Board Members, Fairview Honorary Diploma Recipients, Local Service Clubs, Local Businesses				
(q) Fairview Internal—communication list: 2002/03 students enrolled at Fairview, Fairview Student Award recipients, Organization Students' Association and Leaders, staff and retired staff				
(r) Communication Plan and Schedule				

Comments/Recommendations

Responsible person

Date